Fall 2016
State Controller's Conference
With County Auditors

Division of Audits Update

Controller Betty T. Yee
California State Controller's Office

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Agenda

- Overview
- Property Tax Audits
- Court Revenue Audits
- Mandated Cost Audits
- Questions

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Property Tax Audits

- Final Reports Issued   13
- Reports In Process   8
- Audits In Process   7
- Next in the queue:

• Los Angeles	• Imperial
• Ventura	• Marin
• San Diego	• Sierra
• Sacramento	• Nevada

As of 10/21/2016, for calendar year 2016

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Common Findings

- Railroad base year split from the Unitary tax roll is not properly calculated

- ERAF is improperly included in the Unitary apportionment process

- VLF and SUT revenues were improperly included in the county's PTX administrative fee calculation

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Court Revenue Audits

- Final Reports Issued   4
- Reports In Process   11
- Audits in Process   5
- Next in the queue:

• Calaveras	• Sutter
• Solano	• Madera
• Napa	• Marin
• Riverside	• San Mateo

As of 10/21/2016, for calendar year 2016

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Common Findings

- Incorrect calculations of the 50% excess of qualified fines, fees, and penalties

- Incorrect distributions of Red Light Violations and EMAT penalty

- Incorrect distributions of TVS bail

- Underremitted parking surcharges and penalties

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Mandated Cost Audits (MCA)

General Information

MCA (continued)

Filed County Claims Data

- Recent Filed County Claims History:

Fiscal Year	Claims	in Millions
2009-10	986	$237
2010-11	821	$118
2011-12	681	$ 52
2012-13	561	$ 47
2013-14	466	$ 31
2014-15	432	$ 27

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MCA (continued)

Mandated Cost Programs Data

- Active Mandate Programs for Local Agencies
  - 25 active mandate programs for FY 2015-16

- Suspended Mandate Programs for Local Agencies
  - 55 suspended mandate programs for FY 2015-16

- Alternatives to Filing a Mandate Claim

MCA (continued)

Payments to Local Agencies

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MCA (continued)

2016 Annual and Initial Payments to Local Agencies	
Counties	$ 23,425,722
Cities	12,775,075
Special Districts	123,344
Total Payments	**$ 36,324,141**

- FY 2001-02 through FY 2014-15 Claims
- Payments issued on August 12, 2016

For any questions, please contact the Local Reimbursements Section at LRSDAR@sco.ca.gov or call (916) 324-5729

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MCA (continued)

MCA (continued)

Audit Results For FY 2015-16

- Published ten initial audits, consisting of 37 claims for the programs:
  - Absentee Ballots
  - Consolidated Handicapped and Disabled Students (HDS), HDS II, and Seriously Emotionally Disturbed Pupils
  - HDS Program
  - Peace Officers Procedural Bill of Rights

- Audited $84 million in claimed costs and identified $27 million in adjustments, a 32% error rate

MCA (continued)

Programs Currently Being Audited

- Domestic Violence Background Check
- Consolidated HDS, HDS II, and Seriously Emotionally Disturbed Pupils
- Identity Theft
- Open Meetings Act/Brown Act Reform

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MCA (continued)

Outstanding County Appeals

- Outstanding county appeals (incorrect reduction claims) with the Commission for the following programs [4]:
  - Consolidated HDS, HDS II, and SEDP: Out-of-State Mental Health Services (1 – Orange, 1 – San Diego)
  - SEDP: Out-of-State Mental Health Services (1 – Los Angeles; 1 – Orange)

- Information regarding the filing of an incorrect reduction claim is on the Commission on State Mandates' website at www.csm.ca.gov (Click on "File a Claim" tab)

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SCO Website

[WWW.SCO.CA.GOV](WWW.SCO.CA.GOV)

(Under "Government Data and Accountability"

then "Controller's Audit Programs")

<u>Links to Audit and Oversight Reports, and More Information</u>

- Controller's Redevelopment Asset Reviews
- Controller's Audits of State and Local Agencies [1]
- Controller's Revenue Audits
- Controller's Oversight of Independent Auditors' Audits of Local Agencies
- Search for Additional Audits
- Information on Ordering Printed Copies of Controller's Audits

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Questions